

Message Text

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ACTION EB-07

INFO OCT-01 EA-07 ISO-00 SP-02 AID-05 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 COME-00 ABF-01

FS-01 OPR-02 CIAE-00 INR-07 NSAE-00 /060 W

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R 051008Z SEP 75

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 3083

LIMITED OFFICIAL USE TOKYO 12471

PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EFIN, JA

SUBJ: TOKYO FOREX MARKET DEVELOPMENTS SEPT 1-5

1. THE DOL EASED FRATIONALLY ON TOKYO FOREX MARKET DURING WEEK WITH CENTRAL SPOT DOL DRIFTING DOWNWARD FROM 297.99 YEN/DOL ON SEPT 1 TO 297.75 ON SEPT 4, BUT RISING AGAIN TO 297.90 ON FRI. TRADING VOLUME FELL SHARPLY IN BOTH SPOT AND FOWARD MARKETS FROM PRIOR WEEKS'S LEVEL AND BANK OF JAPAN APPARENTLY DID NOT INTERVENE DURING THE WEEK.

2. OFFICIAL IN MAJOR TRADING COMPANY SAID WEEK'S TRADING ACTIVITY APPEARED "DECEPTIVELY CALM." IN HIS VIEW, DOL IS LIKELY TO EMAIN IN SHORT SUPPLY DURING SEPT. OFFICIAL NOTED THAT EXPORTS WERE NOT PICKING UP AS RAPIDLY AS HIS FIRM HAD EXPECTED. ALTHOUGH IMPORTS CONTINUE TO DECLINE GRADUALLY, THE TRADE OUTLOOK FOR THE NEXT TWO MONTHS APPEARS QUITE UNCERTAIN.

3. A SECURITIES FIRM OFFICIAL CONCURRED IN THE VIEW THAT FOREX MARKET NOW APPEARS QUITE CAUTIOUS HE NOTED DECLINE IN DOL INFLOW FOR STOCK PURCHASES AS TOKYO STOCK EXCHANGE HAS TURNED BEARISH AND OUTLOOK FOR FOREIG TRADE IS NOW LIMITED OFFICIAL USE

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LESS CERTAIN THAN BEFORE. ALTHOUGH THIS OFFICIAL ANTI-

CIPATES THAT YEN IS LIKELY TO REMAIN AT ABOUT PRE-
SENT LEVEL FOR SOME MONTHS, HE COMMENTED THAT TIMING OF
EXPECTED RISE IN EXPORTS IS A MAJOR UNCERTAINTY AFFECT-
ING CURRENT MOOD OF FOREX MARKET.

4. FOLLOWING ARE DATA FOR OVERNIGHT SPOT (CENTRAL) AND
FORWARD DOL EXCHANGE RATES AND INTERBANK TRADING VOLUMES
FOR SEPT 1-5:

	CENTRAL	FORWARD DOLLARS	SPOT		
	SPOT RATE (PREMIA IN PCT P.A.)	VOL			
	(YEN/DOL)	2-MO	3-MO	6-MO	(MIL DOL)
SEPT 1	297.99	2.74	2.16	1.38	55
2.	297.85	2.32	1.81	1.35	41
3.	297.80	2.62	1.88	1.34	48
4.	297.75	2.52	1.88	1.34	63
5	297.90	2.52	1.93	1.42	58

WEEKLY FWD VOL WAS \$565 MIL: SPOT VOL WAS \$470 JIL.
HODGSON

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Margaret P. Grafeld
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